

**Summary of Nineteenth Negotiation Session on
New Water Supply Agreement**

Date of Session: May 24, 2004
Place: Santa Rosa Laguna Pumping Plant
Time: 9:00 AM – 11:30 PM

Parties Present and Represented:

Cities: Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma and Windsor.
Special Districts: Sonoma County Water Agency, Valley of the Moon WD, North Marin WD and Marin Municipal WD.

Attachment A contains complete list of attendees.

Review/Status of Draft 4 of the Restructured Agreement for Water Supply:

Mr. Nelson noted hard copies of Draft 4 relative to Eleventh Amend. Agree, Draft 4 relative to Draft 3 and a clean cc were available. He reported round 3 meetings had been completed and round 4 meetings on Draft 4 were well along with Petaluma, Santa Rosa and Forestville WD remaining. He asked for any comments WAC members wished to make at this time.

Mike Martini noted the SR's attorneys and the Board of Public Utilities were reviewing Draft 4 and discussions were being held with SCWA. He characterized the issues as legal vs. policy.

Pam Torliatt indicated Petaluma would cover its comments on Draft 4 at the session scheduled with the Agency the next day.

Mr. Nelson noted Draft 4 contains two glitches and a number of minor edits such as capitalizing "Project" when it shouldn't have been. The two glitches: oversight in failing to transfer/include MOU language on "planning coordination" and an erroneous reference and set of ratios for allocating costs in the event of major replacement of aqueduct comments (last sentence of section 4.6(e)). He said Draft 5 will correct these problems. He said he planned to have the correct ratios for the WAC Tech group to review at the session set for MOU negotiation immediately following the next regular WAC meeting set for June 7.

Mr. Nelson noted he was almost finished in writing up a summary of significant changes in the proposed Restructured Agreement relative to the Eleventh Amended Agreement and hoped to have that posted by email to the WAC in the next couple of days.

He also noted a Draft 3 of the MOU will be posted this week. He noted he was working on an alternative to Draft 3 on the MOU, which would look very similar but employ a different and more practical approach in dealing with the interim impairment.

Status of Agency/Windsor New Agreements/Amendments:

Mr. Poole reported that he had met with Windsor on several occasions regarding this and that concept approval at the staff level was well in hand and drafting work on the agreement changes started. He said he planned to have these available for approval by Windsor officials at the same time the Restructured Waster Supply and MOU are available. He indicated he hoped the formal approval process would commence shortly after the beginning of July.

Updated Information From SCWA On Existing Budgeted vs. Projected Amounts That Will Appear In The Restructured Agreement As Separate Sub-Charges

Krishna Kumar passed out five tables (Attachment B) that compared the existing adopted budget year FY 04-05 to a projected FY 05-06 and showed a breakdown of the new proposed sub-charges and covered all of the various aqueducts. The bottom line was about a 10% overall increase in service cost. Mr. Kumar explained the figures and answered questions. (Note: This paragraph has been corrected and is based on corrected data Krishna sent to WAC on 5/25/04. Attachment B contains the corrected data.)

Follow-up Schedule:

Follow-up actions/schedule indicated in the course of discussions:

- Conclude Round 4 of Negotiations w. individual parties
- Reviews by attorneys
- SCWA and Windsor to complete preparation of new agreement(s)/amendments
- Santa Rosa to complete analysis and suggested methodology for dealing with demand hardening in allocating water during a shortage
- Complete MOU draft
- Prepare and circulate Draft 5 of Restructured
- Final Reviews
- Local Board Hearings/Approval (July and August)

Next Restructured Agreement Negotiation Session:

Time and Date: 9:00 AM-12:00 PM, June 28, 2004
Place: Santa Rosa's Laguna Treatment Plant

Attachments:

- A. List of Attendees, May 24, 2004 Negotiation Session
- B. Potential Changes in Rate Calculation for Various Aqueducts/Customers

Attachment A

Water Advisory Committee Negotiation Meeting Attendance For May 25, 2004

Attendees: Virginia Porter, City of Santa Rosa
Mike Martini, City of Santa Rosa
Jane Bender, City of Santa Rosa
Terry Stubbings, City of Cotati
Janet Orchard, City of Cotati
Toni Bertolero, City of Cotati
Chris DeGabriele, North Marin Water District
Drew McIntyre, North Marin Water District
Randy Poole, Sonoma County Water Agency
Pam Jeane, Sonoma County Water Agency
Krishna Kumar, Sonoma County Water Agency
Steve Simmons, City of Petaluma
Pam Torliat, City of Petaluma
Mike Ban, City of Petaluma
Mike Fuson, City of Sonoma
Al Bandur, City of Sonoma
Lee Harry, Valley of the Moon Water District
Ron Theisen, Marin Municipal Water District
Darrin Jenkins, City of Rohnert Park
Paul Berlandt, Town of Windsor
Matt Mullan, Town of Windsor
John Nelson, JONWRM

Public Attendees: Brenda Adelman, RRWPC
Bob Anderson, United Winegrowers
Fred Soares, Southwest Neighborhood Alliance
David Keller, FOER